

TARIFF ACTION MEMO

Date: June 2, 2022

Date Filed: April 22, 2022

Statutory End Date: June 6, 2022

File No: TA180-341

Name of Utility: Gold Country Energy (GCE)

Subject: Quarterly Cost of Power Adjustment (COPA), Power Cost Equalization (PCE), Small Facility Power Purchase Rate (SFPPR) Update

Recommendations

Staff recommends the Commission:

1. Approve Tariff Sheet Nos. 62, 67, and 68, filed April 22, 2022, by GCE with TA180-341, as shown on the side-by-side tariff sheets (Appendix 1). The effective date of the tariff sheets should be June 6, 2022.
2. Remind GCE that its Fiscal Year (FY) 2020 Annual Operations Report (AOR) was due March 31, 2021.
3. Remind GCE that its FY2021 AOR was due March 31, 2022.

Please see attached Staff Memorandum supporting the above recommendations.

Signed: Keiba Kimp
Keiba Kimp

Title: Utility Tariff Analyst

Commission decision regarding these recommendations:

	<u>Date (if different from 6/2/22)</u>	<u>I Concur</u>	<u>I Do Not Concur</u>	<u>I Will Write A Dissenting Statement*</u>
Pickett		<u>RMP</u>		
Doyle				
Kurber		<u>KK</u>		
Sullivan		<u>SL</u> DS		
Wilson		<u>JWW</u> JWW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

MEMORANDUM

To: Robert M. Pickett, Chairman
Robert A. Doyle
Keith Kurber II
Daniel A. Sullivan
Janis W. Wilson

Date: June 2, 2022

From: Keiba Kimp, Utility Tariff Analyst

Subject: COPA, PCE, and SFPPR Update

Recommendations

Staff recommends the Commission:

1. Approve Tariff Sheet Nos. 62, 67, and 68, filed April 22, 2022, by GCE with TA180-341, as shown on the side-by-side tariff sheets (Appendix 1). The effective date of the tariff sheets should be June 6, 2022.
2. Remind GCE that its FY 2020 AOR was due March 31, 2021.
3. Remind GCE that its FY 2021 AOR was due March 31, 2022.

Background

GCE's electric load requirement is met with diesel generation and the related fuel cost are recovered through its COPA.¹

Filing

GCE now submits TA180-341, its quarterly COPA, PCE, and SFPPR update for the period beginning April 1, 2022. With TA180-341, GCE filed Tariff Sheet Nos. 62, 67, and 68.

Proposed revisions to COPA surcharges are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.²

Calculation of the COPA surcharge consists of two parts. The first part includes a 3-month estimate of kWh sales and fuel and power costs.³ GCE submitted supporting documentation for the estimates for the 3-month period of April through June 2022. The second part includes documentation for the actual balancing account entries for January through March 2022, and the balancing account balance as of March 31, 2022. GCE

¹ Using GCE's approved methodology as established in Order No. U-10-065(3) *Order Approving Transfer with Conditions, Requiring Filings, Approving Tariff Adoption Notice, and Closing Docket*. GCE's base cost of power is set at \$0.1387 recovered through GCE's base energy rates. GCE's COPA surcharge recovers the remaining power costs not included in base energy rates.

² 3 AAC 52.504(g); this support includes invoices, records, reports, calculations, contracts, and any other information the Commission and Staff consider necessary to explain the proposed COPA calculation.

³ See Side by Side Tariff Sheet No. 67, at line 1, attached as Appendix 1. GCE's 3-month projections are developed using actual data from the previous year.

provided actual usage, generation, cost, and sales data for the period, including invoices and spreadsheets supporting the balancing account entries.

Notice

In accordance with historic Commission practice, a public notice was not issued for TA180-341.⁴

Analysis/Discussion

COPA Surcharge Increase

With TA180-341, GCE proposes a COPA surcharge of \$0.4830/kWh, an increase from the currently approved COPA surcharge of \$0.2410/kWh. Table 1 illustrates the effect of the proposed surcharges on an average residential customer billing for 500 kWh.

TABLE 1

Sample Residential Customer Billing - 500 kWh Usage				
<u>Line</u>	<u>Description</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Change</u>
1	COPA Surcharge (\$/kWh)	\$ 0.2410	\$ 0.4830	0.2420
2	PCE Credit (\$/kWh)	0.4137	0.6365	0.2228
3	500 KWH CUSTOMER BILL			
4	Energy Charge @ \$0.5089/kWh	\$ 254.45	\$ 254.45	\$ -
5	COPA Surcharge (\$)	120.50	241.50	121.00
6	PCE Credit (\$)	(206.85)	(318.25)	(111.40)
7	RCC @ \$0.001016/R:kWh	0.51	0.51	-
8	TOTAL 500 KWH CUSTOMER BILL	<u>\$ 168.61</u>	<u>\$ 178.21</u>	\$ 9.60

Factors that may affect the calculation of GCE's COPA surcharge include the previous period's balancing account balance, generation efficiency, and projected fuel and power costs. Changes in these factors frequently offset each other. Any factor that increases the average cost per kWh sold will put upward pressure on the COPA surcharge and any factor that decreases the average cost per kWh sold will put downward pressure on the surcharge. The proposed increase to GCE's COPA surcharge is primarily driven by:

1. An increase in projected fuel costs for the quarter. The projected cost of fuel increased from \$34,109.56 to \$48,159.95.⁵ The quantity of fuel decreased from 11,144 gallons to 11,107 gallons and the cost per gallon increased from \$3.0608

⁴ One reason the Commission forgoes publication notice for COPA filings is 3 AAC 52.504(d) which states "[f]or a COPA filing under (b) of this section, an electric utility is not required to give public notice under AS 42.05.411..." This allows a utility to implement a COPA upon filing, rather than waiting the 45 days specified in AS 42.05.411 to ensure adequate notice to the public of a tariff revision.

⁵ See Side-by-Side Tariff Sheet No. 67, attached as Appendix 1, at line 1.

per gallon to \$4.3360 per gallon.⁶ The overall effect is an increase in fuel costs, which places upward pressure on the COPA surcharge.

2. An increase to the balancing account balance. The balancing account balance increased from \$1,408.91 to \$5,005.33.⁷ This indicates that less revenue was collected via the COPA surcharge than costs were incurred. This increase in the balancing account balance places upward pressure on the COPA surcharge.
3. A decrease in projected kWh sales for the quarter. The projected kWh sales decreased from 93,547 kWh to 85,511 kWh.⁸ The decrease in the projected sales results in the projected costs being spread over a smaller number of kWh,⁹ placing upward pressure on the COPA surcharge.

The upward pressure from the increase in projected fuel costs, increase in the balancing account balance, and decrease in projected kWh sales results in an increase in GCE's COPA surcharge.

The revisions proposed in TA180-341 did not include a change in methodology or new cost elements. As such, GCE could have implemented the proposed COPA surcharge upon filing, under 3 AAC 52.504(b).¹⁰ However, GCE has preferred that its PCE level change take effect concurrently with its COPA surcharge and elects to wait to implement the proposed COPA surcharge until Commission approval is received. Staff has reviewed all information and calculations filed in support of the proposed surcharge and verified that GCE provided all required information. Staff confirmed that the proposed COPA surcharge was calculated accurately, using GCE's approved methodology.

SFPPR Increase

The SFPPR is the rate at which GCE purchases energy from Qualifying Facilities with a design capacity of 100/kWh or less. The SFPPR, expressed in cents-per-kWh, is calculated as the sum of projected fuel costs, variable operations and maintenance expenses, and the energy portion of purchased power expenses, divided by the number of kWh sold, using the same projected costs and sales in the COPA surcharge methodology.

⁶ *Ibid.*

⁷ *Id.*, at line 2.

⁸ *Id.*, at line 4.

⁹ *Id.*, at line 4.

¹⁰ 3 AAC 52.504(b) states that an electric utility may implement a COPA filing that does not include a new methodology or cost element immediately upon filing with the Commission, although the COPA filing is subject to subsequent review, adjustment, and approval by the Commission.

GCE proposes an SFPPR of \$0.5632/kWh,¹¹ an increase from the currently approved SFPPR of \$0.3646/kWh. Staff confirmed that the proposed SFPPR was calculated accurately, using GCE's approved methodology.

PCE Increase

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments.¹² The utility must provide information supporting the request for the PCE amount revision.¹³ Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and/or line loss standards set out in 3 AAC 52.620.¹⁴ If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). If a utility fails to meet the line loss standard of 12 percent, Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance, which is used in determining the total fuel power costs used in the calculation of the PCE amount.

Staff notes that GCE met the generation efficiency standard but failed to meet the regulatory line loss standard of 12% (see 3 AAC 52.620(b)) in January, February, and March 2022. GCE's monthly line loss in January, February, and March 2022, was 22.70%, 22.37%, and 21.55% respectively, and its annual line loss was 19.64%, 19.83%, and 20.00% for the same respective months. As a result, Staff increased the kWh sales for January, February, and March 2022 by 3,993 kWh, 3,526 kWh, and 3,230 kWh, respectively, to achieve the 12% line loss standard. The adjustment caused the balancing account balance to decrease from \$5,005.33 to \$714.25. GCE indicated that its configuration of 20 miles of line and just one transformer per customer may make reaching the 12% line loss unattainable, but said it will continue to investigate.¹⁵

As shown on Tariff Sheet No. 62 filed with TA180-341, GCE proposes a PCE level of \$0.6365/kWh,¹⁶ which is an increase from the currently approved PCE level of \$0.4137/kWh.¹⁷ Staff confirmed that the proposed PCE level was calculated accurately.

¹¹ See side by side Tariff Sheet No. 68, attached as Appendix 1.

¹² See 3 AAC 52.640(a)(1) which provides that a utility will request a change in its PCE with the approval of a tariff filing under 3 AAC 52.501 – 3 AAC 52.519, the regulations specific to COPA filings.

¹³ See 3 AAC 52.640(d).

¹⁴ See 3 AAC 52.620, *Generation Efficiency and Line Loss Standards*.

¹⁵ See TA180-341, at page 3.

¹⁶ Detailed PCE calculations are shown on Appendix 2.

¹⁷ On June 22, 2021, in U-21-019(3), the Commission reduced the Power Cost Equalization amount to 0.00 cents per kilowatt-hour. On August 17, 2021, in U-21-019(5), the Commission vacated Order 3 and Order 4 and restored the PCE amount. The side by sides show GCE's PCE amount prior to U-21-019, was \$0.3936 per kWh.

Tariff Sheets

Staff reviewed Tariff Sheets Nos. 62, 67, and 68. Staff has verified the proposed surcharge and rates have been calculated accurately using GCE's approved methodology, the proper support was filed, and the tariff sheets are correct.

Annual Operations Report

3 AAC 52.660(b) states that a regulated utility participating in the PCE program must file an annual operations report, as required under AS 42.05.451(b).¹⁸ AS 42.05.451(b) states, in part, that a utility will file its annual operations report within 90 days of the close of its authorized annual accounting period.¹⁹ 3 AAC 52.680(c) states that, if a participating electric utility fails to file its annual report when due, the PCE becomes interim and refundable on the date the annual report was due and that the Commission may recommend that further PCE disbursements to the utility be suspended until the annual report is filed.²⁰

On October 20, 2020, the Commission issued Letter Order No. L2000382 approving tariff sheets filed with TA173-341 and requiring GCE to file its FY2018 and FY2019 AORs no later than November 30, 2020. On November 30, 2020, GCE requested to extend the submission of the FY2018 and FY2019 AORs until March 1, 2021. In its request, GCE indicated the owner had taken on additional commitments which had delayed work on the financial reporting of the AOR.²¹

The Commission granted GCE's request to file its FY2018 and FY2019 AORs by March 1, 2021. The Commission has not received these filings. Staff notes that with the issuance of Letter Order No. L2000382, the Commission has required GCE to file past AORs twice.²² A third reminder letter was sent to GCE on February 8, 2021.²³ In this letter, GCE was reminded that its AOR was past due, how to locate AORS on the Commission website, and how to file AORs.²⁴ Staff contacted GCE on May 27, 2021. On June 4, 2021, the bookkeeper indicated in a response email that she was aware GCE is delinquent on its Annual Reporting; however, the owner of GCE does not have an estimate of when the owner will be able to focus on the Annual reports.²⁵ Staff notes that to date GCE has not filed its 2020 or 2021 AOR. Staff believes that an additional reminder for the outstanding AORs may be a benefit to GCE.

¹⁸ See 3 AAC 52.660(b).

¹⁹ See AS 42.05.451(b).

²⁰ See 3 AAC 52.680(c).

²¹ See TR2006693, filed November 30, 2020.

²² See Letter Order No. L1700277, issued June 30, 2017, and Letter Order No. L20000382, issued October 20, 2020.

²³ See TR2102087, issued February 18, 2021.

²⁴ AS 42.05.451(b) states "A public utility shall maintain its accounts on a calendar year basis unless specifically authorized by the commission to maintain its accounts on a fiscal year basis. Within 90 days after the close of its authorized annual accounting period or additional time granted upon a showing of good cause, a public utility shall file with the commission a verified annual report of its operations during the period reported on forms prescribed by the commission."

²⁵ See TR2103143, dated June 4, 2021.

Staff notes that the Commission is not currently recommending suspension of utility's PCE disbursements, solely due to non-compliance with filing requirements, until after the COVID-19 health disaster no longer exists.²⁶ Therefore, Staff recommends the Commission remind GCE that failure to file its AORs may result in future recommendations to suspend the utility's PCE disbursements.

Conclusion

With TA180-341, GCE requests approval of its updated COPA, PCE, and SFPPR for the period beginning April 1, 2022. Based on the discussion above, Staff recommends the Commission:

1. Approve Tariff Sheet Nos. 62, 67, and 68, filed April 22, 2022, by GCE with TA180-341. The effective date of the tariff sheets should be June 6, 2022.
2. Remind GCE that its FY2020 AOR was due March 31, 2021.
3. Remind GCE that its FY2021 AOR was due March 31, 2022.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Jun 2, 2022 08:20 AKDT)

Email: keith.kurber@alaska.gov

Signature: 
Daniel Sullivan (Jun 2, 2022 08:30 AKDT)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Jun 2, 2022 16:40 AKDT)

Email: janis.wilson@alaska.gov

²⁶ See General Correspondence to Curtis Thayer at the Alaska Energy Authority, issued April 16, 2020.

RCANo. 341

51st

Canceling

50th

Sheet No. 62

Sheet No. 62

RECEIVED**JAN 18 2022**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Utility Name: Gold Country Energy

V. POWER COST EQUALIZATION

Power Cost Equalization

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential Customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the Utility, for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

<u>Schedule</u>	<u>PCE Amount</u>	
ALL	\$0.4137 per kWh	R

TA179-341

Effective: March 4, 2022

Issued by: Gold Country EnergyBy: **Richard Symons Jr.**

Richard Symons Jr

Title: Owner

RCANo. 341

52nd

Canceling

51stth

Sheet No. 62

Sheet No. 62



Utility Name: Gold Country Energy

V. POWER COST EQUALIZATION

Power Cost Equalization

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1. Residential Customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the Utility, for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

<u>Schedule</u>	<u>PCE Amount</u>	
ALL	\$0.6365 per kWh	I

TA180-341

Effective: June 6, 2022

Issued by: Gold Country EnergyBy: **Richard Symons Jr.**

Richard Symons Jr

Title: Owner

RCA No. 341 41st Sheet No. 67
Canceling
40th Sheet No. 67

RECEIVED
FEB 08 2022
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

Utility Name: Gold Country Energy

1. Estimated costs for 3 months beginning 01/01/2022.

Source	Estimated Quantity	Estimated Unit Cost	Total	
Diesel fuel	11,144	\$3.0608	\$ 34,109.56	R
Purchased Power			\$ 0.00	
TOTAL			\$ 34,109.56	R

2. Balance in Cost of Power Balancing Account as of 12/31/2021 \$ 1,408.91 R

3. TOTAL [1 + 2] \$ 35,518.47 R

4. Estimated retail sales for 3 months (kWh) 93,547kWh R

5. Projected cost of power [3/4] \$ 0.3797/kWh R

6. Base cost of power \$ 0.1387/kWh

7. Cost of power adjustment amount [5-6] \$ 0.2410kWh R

TA179-341 Effective: March 4, 2022

Issued by: Gold Country Energy

By: **Richard Symons Jr.** Title: Owner
 Richard Symons Jr

RCA No. 341 42nd Sheet No. 67
Canceling
41st Sheet No. 67



Utility Name: Gold Country Energy

1. Estimated costs for 3 months beginning 04/01/2022.

Source	Estimated Quantity	Estimated Unit Cost	Total	
Diesel fuel	11,107	\$4.3360	\$ 48,159.95	I
Purchased Power			\$ 0.00	
TOTAL			\$ 48,159.95	I

2. Balance in Cost of Power Balancing Account as of 03/31/2022 \$ 5,005.33 I

3. TOTAL [1 + 2] \$ 53,165.28 I

4. Estimated retail sales for 3 months (kWh) 85,511kWh R

5. Projected cost of power [3/4] \$ 0.6217/kWh I

6. Base cost of power \$ 0.1387/kWh

7. Cost of power adjustment amount [5-6] \$ 0.4830kWh I

TA180-341 Effective: June 6, 2022

Issued by: Gold Country Energy

By: **Richard Symons Jr.** Title: Owner
 Richard Symons Jr

RCA No. 341 38th Sheet No. 68
 Canceling
 37th Sheet No. 68



Utility Name: Gold Country Energy

VII. SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The Small Facility Power Purchase Rate is the rate for GCE's purchase of energy from Qualifying Facilities with a Design Capacity of 100kWh or less. The update definition of Qualifying Facility by the Federal Energy Regulatory Commission is employed in RCA's new regulations at 3 AAC 50.820(11), as is the methodology of the calculation of the SFPPR. This calculation of SFPPR is consistent with that.

The SFPPR, expressed in cents-per-kilowatt-hour, is calculated as the sum of projected Fuel Costs, Variable Operations and Maintenance (O&M) Expenses, and the Energy Portion of Purchased Power Expense divided by the Number of Kilowatts Sold, using the same projected costs and sales in the COPA methodology.

A. Fuel Costs including Energy Portion of Purchased Power Expense (Line 1 of Tariff Sheet 67)	\$34,109.56	R
Variable O&M Expense	\$ 0.00	
Total Expense	\$34,109.56	R
B. Estimated Kilowatts Sold (Line 4 of Tariff Sheet 67)	93,547 kWh	R
C. SFPPR Rate (Calculated as A/B)	\$0.3646/kWh	R

TA179-341 Effective: March 4, 2022

Issued by: Gold Country Energy

By: **Richard Symons Jr.** Title: Owner
 Richard Symons Jr

RCA No. 341 39th Sheet No. 68
 Canceling
 38th Sheet No. 68



Utility Name: Gold Country Energy

VII. SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The Small Facility Power Purchase Rate is the rate for GCE's purchase of energy from Qualifying Facilities with a Design Capacity of 100kWh or less. The update definition of Qualifying Facility by the Federal Energy Regulatory Commission is employed in RCA's new regulations at 3 AAC 50.820(11), as is the methodology of the calculation of the SFPPR. This calculation of SFPPR is consistent with that.

The SFPPR, expressed in cents-per-kilowatt-hour, is calculated as the sum of projected Fuel Costs, Variable Operations and Maintenance (O&M) Expenses, and the Energy Portion of Purchased Power Expense divided by the Number of Kilowatts Sold, using the same projected costs and sales in the COPA methodology.

A. Fuel Costs including Energy Portion of Purchased Power Expense (Line 1 of Tariff Sheet 67)	\$48,159.95	I
Variable O&M Expense	\$ 0.00	
Total Expense	\$48,159.95	I
B. Estimated Kilowatts Sold (Line 4 of Tariff Sheet 67)	85,511 kWh	R
C. SFPPR Rate (Calculated as A/B)	\$0.5632/kWh	I

TA180-341 Effective: June 6, 2022

Issued by: Gold Country Energy

By: **Richard Symons Jr.** Title: Owner
 Richard Symons Jr